

FUEL TAX COALITION TALKING POINTS

THE NEED:

- Attempts to increase long-term funding for highways have failed several times in the last decade.
- WYDOT has moved to a “highway preservation” philosophy due to the current funding crisis. The pavement preservation approach is throwing good money after poor money. While paving over potholes on a temporary basis, the preservation approach only buys the state time, and ensures more extensive repair and therefore increased costs in the future.
- Timely maintenance is the key to getting the maximum life from our pavements. For every dollar not spent on timely, preventative maintenance, \$4.00–\$8.00 will be needed for complete reconstruction a few years later.
- Wyoming’s population increased 25% since 1990.
- Vehicle miles traveled in Wyoming increased by 64% from 1990–2009.
- It is estimated that 52% of the highway users are out-of-state travelers.
- By 2030, vehicle travel in Wyoming is projected to increase by another 55%.
- Annually, \$24B in goods are shipped from sites in Wyoming and another \$28B in goods are shipped to sites in Wyoming, mostly by truck.
- To maintain Wyoming’s roads, highways and bridges \$135M/year is needed annually.
- By 2030 82% of Wyoming’s roads will be in poor condition if nothing is done.

HISTORY OF LEGISLATION:

- **2008 Session**
 - HB0021 Commercial vehicle fees. – *Passed*
 - HB0029 Fuel tax. – *Failed*
 - HB0063 Driver services fees. – *Passed*
- **2009 Session**
 - HB0045 Severance tax distribution. – *Failed*
 - HB0047 Commercial signage on highways. – *Failed*
 - HB0276 Transportation funding–material cost increases. – *Failed*
 - HJ0002 Adequate funding for I–80 as a critical freight route. – *Passed*
 - SF0058 Vehicle title and registration. – *Passed*
- **2010 Session**
 - SF0035 Tolling authority for I–80. – *Failed*

- **2011 Session**
 - HB0022 Phased in fuel tax increase. *-Failed*
- **2012 Session**
 - HB0003 State vehicle registration fee. *-Failed*
 - HB0033 Highway fund–assignment of fine and penalty revenues *-Failed*
 - HJ0002 Constitutional assignment of general fines and penalties. *-Failed*
 - SF0009 Allocation of sales tax paid on diesel to highways. *- Failed*
 - SF0008 Ethanol tax credit. *-Passed House CoW 02.29.2012*

HISTORY OF FUNDING:

1998 – 2004:	\$0
2005:	\$7 million
2006:	\$79 million
2007:	\$100 million
2008:	\$100 million
2009:	\$100 million
2010:	\$50 million
2011:	\$45 million
2012:	\$40 million
2013–2014 biennium: (\$70M for biennium + \$30M from AML funds to total \$100M for biennium) BUT no AML \$ now.	

THE SOLUTION:

- Increasing the fuel tax is among the most efficient solutions, but a multi-facetted approach will be needed to bridge the revenue gap to bring a long-term, sustainable revenue source for highway funding.
- Wyoming has the second lowest fuel and diesel taxes in the nation, and the tax has not been increased since 1998.
- In fact, in 1998 when gas was \$1.00 the effective tax rate was 28%, now at \$4.00/gallon the rate is 14%.
- A \$.10 increase (bringing the total fuel tax to \$.24) would make Wyoming's tax comparable to surrounding states.
- A user based tax is, by definition, one that is imposed on the users of the public good, or in this case, Wyoming's roads. Highway users benefit from the improvements their user taxes or fees generate.
- In the same manner, the concept of a user fee does not distort economic behavior. Those who use the roads pay the tax—and similarly, users who drive more pay more.
- A user fee is easy to understand, administer and cost effective to collect.

- Highway use and therefore highway user revenues do not fluctuate wildly in the short-run.
- All revenues collected from fuel taxes must be used on roads, via Wyoming's Constitution.

WILL PRICES AT THE PUMP INCREASE?

- Likely not. There are more forces at work in determining the price of fuel than just the fuel tax.
- In this industry, taxes on fuel (both federal and state) are remitted by the suppliers, not at the pump where the sale to the consumer is made.
- If you look at the map comparing the fuel tax rates in the region vs. the chart illustrating retail prices you'll be able to draw the following conclusions:
 - Montana has the highest fuel tax in the region.
 - Colorado has the second lowest in the region, and Wyoming has the lowest fuel tax in the region (and the lower 48 states).
 - You see that Montana does not always have the highest retail prices in the region, nor does Wyoming have the lowest retail prices in the region.
- What this illustrates is that with retail prices in Wyoming staying rather competitive with surrounding states, despite the lowest fuel tax, the market has enjoyed slightly higher margins.
- If Wyoming's fuel tax is increased by \$.10 it economists who have studied the issue are doubtful that prices at the pump will be able to increase by a full ten cents (this would be the case if the tax is fully passed on to the consumer).
- Due to the competitiveness of wholesale fuels, market participants will have to adjust their price spreads to assure competition with other suppliers in other states.
- Ultimately, the \$.10 tax increase placing the state in relative tax parity with surrounding states, competitive pressures will all but absorb the tax increase.

NOT VIABLE OPTIONS:

- Tolling I-80's current capacity.
 - The Feds determine which states have the ability to toll interstate highways. The last allocation for current capacity was awarded earlier this summer.
 - Wyoming could possibly consider toll roads if we build new interstate capacity.

IT'S FISCALLY RESPONSIBLE:

- By doing nothing to adequately invest back into our transportation system, we are saddling future generations with the expense of rebuilding our transportation system. It is not fiscally prudent to do so and is contrary to fiscal conservative principles.
- We have invested billions of dollars in our roads, without providing funds to maintain and improve prior investments.
- Tapping rainy day funds is unacceptable.
 - Using one time money for ongoing expenses flies in the face of fiscal responsibility.
- Kicking the can down the road, so to speak, will only increase wear-and-tear on personal vehicles, and therefore increase costs to personal pocketbooks.

THE FUEL TAX IS BROADLY SUPPORTED:

- Good roads need to be a priority for the state of Wyoming.
- The efficiency of Wyoming's transportation system, particularly its highways, is critical to the health of the state's economy, including tourism, agriculture, energy, education, and manufacturing.
- Supported by the following groups:
 - Wyoming Lodging and Restaurant Association
 - Wyoming Stock Growers Association
 - Wyoming Chamber Partnership
 - Wyoming Petroleum Marketers Association
 - Wyoming Business Alliance
 - Wyoming County Commissioners Association
 - Wyoming Trucking Association
 - Wyoming Contractors Association
 - Wyoming Association of Municipalities
 - Wyoming Mining Association
 - Wyoming Taxpayers Association
 - Wyoming Travel Industry Coalition
 - Wyoming Highway Users Federation